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ISER Demands Ambitious UN Tax Convention in Nairobi; Says Draft Lacks Substance

ISER calls for unitary taxation to stop multinational corporations from draining billions from developing nations

NAIROBI, Kenya – November 10, 2025 – As the third session of the UN's Intergovernmental Negotiating Committee (INC) for a Framework Convention on International Tax Cooperation opens today in Nairobi, the Initiative for Social and Economic Rights (ISER) is calling on member states to adopt an ambitious and comprehensive treaty. The Kampala-based NGO warns that the current draft text, circulated after the first two sessions, "lacks substance" and fails to address the fundamental flaws of the global tax system.

ISER, which has advocated for this convention for years, argues that the current international tax architecture is outdated. It was designed for a brick-and-mortar economy, allowing modern multinational corporations (MNCs) in the digital space, such as Facebook, Google, and Amazon, to earn billions in profits from developing countries like Uganda while paying little to no tax by avoiding a "permanent physical establishment."

"This broken system allows about 47 billion dollars in revenue to be lost in tax abuse by lower-income countries every year," said Angella Kasule Nabwowe, Executive Director of ISER. "This is revenue that Uganda and our neighbours desperately need to fund public services like education, health, and social protection. We are in Nairobi to demand a convention with teeth, not an empty shell that perpetuates the status quo."

ISER's key demand is focused on Article 4 of the draft convention, concerning the fair allocation of taxing rights. The organization is urging member states to reject the failed "arm's length" principle and instead adopt a system of **unitary taxation with formulary apportionment**.

This system would treat a multinational corporation as a single global entity. Its total worldwide profits would then be allocated among countries based on a fair formula reflecting real economic activity—such as sales allowing countries like Uganda to finally tax the profits generated within their borders.

The UN General Assembly's historic resolutions in 2022 (to begin negotiations) and 2024 (to approve the terms of reference), both championed by the Africa Group, created a mandate for transformative change. ISER expresses concern that the initial draft text from the August 2025 sessions in New York does not reflect this ambition and risks being co-opted by wealthy nations who benefit from the current inequitable system.

"The people of the Global South cannot afford another lost decade. We call on our leaders and all UN member states to stand firm and deliver a comprehensive convention that ensures economic justice and provides the resources needed to realize human rights for all," added Nabwowe.

ISER will be present throughout the third negotiating session in Nairobi, from November 10-19, to advocate for these demands.

About ISER

The Initiative for Social and Economic Rights (ISER) is a not-for-profit human right non-governmental organization (NGO). ISER was founded and registered in 2012 to ensure full recognition, accountability and realization of social and economic rights (SERs) primarily in Uganda but also within the African region.

Media Contact

Media Relations - Initiative for Social and Economic Rights (ISER) Email: info@iser-uganda.org Phone: +256 414 581041 Website: <https://iser-uganda.org/>